



SDI Review Form 1.6

Journal Name:	<u>British Journal of Economics, Management & Trade</u>
Manuscript Number:	2013_BJEMT_6303
Title of the Manuscript:	NON FINANCIAL PERFORMNACE MEASURES AND FIRM VALUE IN NIGERIA: WHAT IS THE LINK?
Type of the Article	

General guideline for Peer Review process:

This journal's peer review policy states that **NO** manuscript should be rejected only on the basis of '**lack of Novelty**', provided the manuscript is scientifically robust and technically sound.

To know the complete guideline for Peer Review process, reviewers are requested to visit this link:

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PART 1: Review Comments

	Reviewer's comment	Author's comment (if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)
Compulsory REVISION comments	The article seeks to establish a theoretical relationship between non financial measures of firm performance and firm value, intended as firm's ability to create economic wealth. Empirically, the objective of the Author is to find out how firm value is related to non financial measures adopted by companies in Nigeria. The general idea of the paper is that, if the capital market is perfect, then a firm's financing decisions have no effect on its market value; hence, its financing decisions have no effect on its security holders. Therefore, the fundamental firm value in the long run depends only on non financial variables. These are grouped into eight categories to each of which is appended an independent variable. To obtain significant results, the Author specifies a model where the proxy for the firm value is Tobin's Q, and the independent variables are the following eight non financial variables, namely: (X₁) the quality of management, (X₂) the new production development, (X₃) the strength of market position, (X₄) the strength of corporate culture, (X₅) the executive compensation policies, (X₆) the quality of investor communication, (X₇) the quality of product/service, and (X₈) the level of customer	The problem of incorporating NFM in companies' performance systems in Nigeria results in the negative relationship with firm value. Also, the long term orientation of capturing NFM accounts for the negative impact on firm value. Details about the questionnaire is included (see pp7-8 of the revised manuscript).



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	satisfaction. The OLS method is used to estimate the regression model. The Author finds that coefficients of X_2, X_3, X_6 are positive, while coefficients of X_1, X_4, X_5, X_7, and X_8 are negative. The highest negative influence (44,7%) was due to variable X_8, that is to the level of customer satisfaction. The main observation to the Author is that he does not give in the paper a convincing explanation of all these negative signs in his regression results. Why a high level of customer satisfaction or a high quality of the product/service should strongly influence negatively the value of the firm? This also contradicts the assertion (iv) of the Conclusion (pag. 14) that “Level of customer satisfaction has positive and significant influence on the long term health of the organizations.” A second observation relies to the methodology used to construct the non financial measures of the eight independent variables. The Author says that they were captured from responses to a questionnaire. He does not add any further explanation about this questionnaire, how it was constructed and if the very short period (2006-2010)	
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	covered by the analysis could invalidate the results obtained.	
<u>Minor</u> REVISION comments	There is not a bi-univocal correspondence between the citations quoted in the text and those included in the final References at the end of the paper. For instance, Clayton (1999), Holmstrom (1997), Lev and Zarowin (1998), Norton (1996), O'Sullivan and MaCallig (2012), and Van der Stede (2006) are all quoted in the text, but they does not appear in the final References.	The list of references has been corrected and updated.
<u>Optional/General</u> comments	In general, the paper is well written in English. Anyway, in some passages it needs punctuation marks checking.	